

**ORIGINAL**

**NEW APPLICATION**



December 15, 2005

Sonoita Valley Water Company  
P.O. Box 85160  
Tucson, AZ 85754

Docket Control  
Arizona Corporation Commission  
1200 W. Washington St.  
Phoenix, Arizona 85007

W-04199A-05-0905  
W-20435A-05-0905


Attached is an application by E.H. Lewis, Owner and Director of Sonoita Valley Water Company, for the purpose of approval of the transfer of assets to Sonoita Valley Water Company an Arizona Corporation.

Arizona Corporation Commission

**DOCKETED**

DEC 16 2005

DOCKETED BY	
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E.H. Lewis, Director/Owner

AZ CORP COMMISSION  
DOCUMENT CONTROL

2005 DEC 16 1 P 4: 54

RECEIVED

ARIZONA CORPORATION COMMISSION

APPLICATION FOR APPROVAL OF THE SALE OF ASSETS AND/OR TRANSFER OF  
CERTIFICATE OF CONVENIENCE AND NECESSITY

WATER AND/OR SEWER

A. The name, address and telephone number of the Transferor (Company) is:

E. H. LEWIS DBA SONOITA VALLEY WATER CO., SOLE PROPRIETORSHIP

2644 LEISURE WORLD

MESA, AZ 85206 (520) 490-6393

B. If doing business under a name other than the Transferor (Company) name, specify:

N/A

C. The Transferor is a:

<input type="checkbox"/> Corporation:  <input type="checkbox"/> "C", <input type="checkbox"/> "S", <input type="checkbox"/> Non-Profit  <input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign	<input type="checkbox"/> Partnership  <input type="checkbox"/> Limited, <input type="checkbox"/> General  <input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign
<input checked="" type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Specify)	

D. List the name, address and telephone number of the attorney for the Transferor.

NONE

E. List the name, address and telephone number of management contact:

SOUTHWESTERN UTILITY MANAGEMENT, INC.

PO BOX 85160, TUCSON, AZ 85754

(520) 623-5172

F. The name, address and telephone number of the Transferee (Company) is:

SONOITA VALLEY WATER COMPANY, AN ARIZONA CORPORATION

PO BOX 85160, TUCSON, AZ 85754

(520) 623-5172

G. If doing business under a name other than the Transferee (Company) name, specify:

SEE ITEM #A

H. List the name, address and telephone number of the attorney for the Transferee.

NONE

I. List the name, address and telephone number of management contact:

SOUTHWESTERN UTILITY MANAGEMENT, INC.

PO BOX 85160, TUCSON, AZ 85754

(520) 623-5172

J. (Transferee) List the name, address and telephone number of the on-site manager of the utility:

PATRICK BLANK

PO BOX 85160, TUCSON, AZ 85754 (520) 400-1176

K.(Transferee) List the name, address and telephone number of the certified operator as authorized by the Arizona Department of Environmental Quality:

PATRICK BLANK

PO BOX 85160, TUCSON, AZ 85754

(520) 400-1176

L. The Transferee is a:

<input checked="" type="checkbox"/> Corporation:  ___ "C", <input checked="" type="checkbox"/> "S", ___ Non-Profit  <input checked="" type="checkbox"/> Arizona, ___ Foreign	 ___ Partnership  ___ Limited, ___ General  ___ Arizona, ___ Foreign
___ Sole Proprietorship	___ Limited Liability Company
___ Other (Specify)	

M. If Transferee is a corporation:

1. List names of Officers and Directors:

Officers

E. H. LEWIS, PRESIDENT

Directors

E. H. LEWIS

2. Indicate the number of shares of stock authorized to issue:

10,000

3. If stock has been issued, indicate the number of shares issued and the date of issue:

1,000

N. If Transferee is a partnership:

1. List the names of general partners:

N/A

2. List name, address and telephone number of managing partner:

N/A

- ◆ If Applicant is a foreign limited partnership, provide a copy of the Partnership's "Certificate of Registration" with the Arizona Secretary of State

O. If Transferee is a sole proprietor, list name, address and telephone number of individual:

N/A

P. Have all customer security deposits been refunded? Yes \_\_\_ No X. If no, mark the block below which describes the proposed disposition of security deposits.

\_\_\_ All security deposits will be refunded at time of closing.

X All security deposits will be transferred to the Transferee.

\_\_\_ Other (explain).

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Q. Are there any refunds due on Main Extension Agreements? Yes \_\_\_ No X. If Yes, mark the block below which describes the proposed disposition of the refunds.

\_\_\_ Transferor will continue to refund after the transfer.

\_\_\_ Transferee will assume the refunding obligations.

\_\_\_ A full refund will be made at closing by Transferor.

\_\_\_ Other (explain).

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R. (WATER ONLY) Are there any refunds due on meter and service line installations?

Yes X No \_\_\_. If Yes, mark the block below that describes the proposed disposition of refunds.

\_\_\_ Transferor will continue to refund after the transfer.

X Transferee will assume the refunding obligations.

\_\_\_ A full refund will be made at closing by Transferor.

\_\_\_ Other (explain).

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S. (Transferee) Attach the following exhibit(s):

1. Copy of bill of sale, purchase contract or other instrument, which conveys the assets to the transferee.
2. Articles of Incorporation (if corporation)
3. By-Laws (if corporation)
4. Certificate of Good Standing (if corporation)
5. Articles of Partnership (if partnership) N/A
6. Articles of Organization (if limited liability company) N/A
7. Corporate Resolution if required by Articles of Incorporation N/A
8. Attach a copy of the transfer of City or County Franchise from the Transferor to Transferee. (In progress)

T. List names and addresses of any other public utility interest Transferee has:

1. NONE
2. \_\_\_\_\_

U. Indicate the date that notice of the application was sent, or will be sent to the customers.

December 15, 2005.

DATED the 1st day of DECEMBER, 2005

E. H. Lewis

(Signature of Authorized Representative of Transferor)

E. H. LEWIS

(Type Name Here)

OWNER

(Title)

SUBSCRIBED AND SWORN to before me on this 1<sup>st</sup> day of December 2005

Eileen P. Delaney

NOTARY PUBLIC

My Commission Expires \_\_\_\_\_

E. H. Lewis

(Signature of Authorized Representative of Transferee)

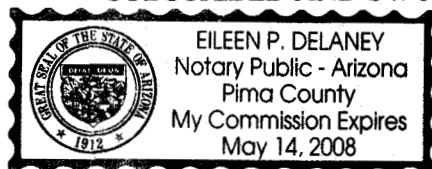
E. H. LEWIS

(Type Name Here)

PRESIDENT

(Title)

SUBSCRIBED AND SWORN to before me on this 1<sup>st</sup> day of December 2005



Eileen P. Delaney

NOTARY PUBLIC

My Commission Expires May 14, 2008



**ATTACHMENT "B"**

**PUBLIC NOTICE OF AN APPLICATION FOR SALE/TRANSFER OF ASSETS  
AND/OR TRANSFER OF THE CERTIFICATE  
OF CONVENIENCE AND NECESSITY**

**BY E.H. LEWIS, SONOITA VALLEY WATER COMPANY**

E.H. Lewis, owner of Sonoita Valley Water Company, a Sole Proprietorship, has filed with the Arizona Corporation Commission ("Commission") an application for authority to transfer its assets to Sonoita Valley Water Company an Arizona Corporation. If the application is granted, the assets of Sonoita Valley Water Company, Sole Proprietorship will be transferred to Sonoita Valley Water Company an Arizona Corporation.

If you have any claims against Sonoita Valley Water Company, including claims for refunds of security deposits, service line and meter installations or main extension agreements and you have not already been contacted by the Company, you must present your claim to Sonoita Valley Water Company on or before December 29, 2005. Direct your claim(s) to Sonoita Valley Water Company, PO Box 85160, Tucson, AZ 85754, (520)623-5172 or (800)315-5333 (Arizona only).

The commission will hold a hearing on this matter. As a property owner or customer you may have the right to intervene in the proceeding. If you do not want to intervene, you may appear at the hearing and make a statement on your behalf. You may contact the Commission at the address and telephone number listed below for the date and time of the hearing and for more information on intervention. You may not receive any further notice of the proceeding unless requested by you.

If you have any questions or concerns about this application, have any objections to its approval, or wish to make a statement in support of it, you may contact the Consumer Services Section of the Commission at:

1200 West Washington Street, Phoenix, Arizona 85007  
1-800-222-7000

or

400 West Congress, North Building, Room 218, Tucson, Arizona 85701  
1-800-535-0148.

12/14/05

DATE: \_\_\_\_\_

## TO:

Arizona Department of Environmental Quality  
 Drinking Water Compliance Enforcement Unit  
 1110 West Washington Avenue, 5<sup>th</sup> Floor  
 Phoenix, Arizona 85007  
 Phone: 602-771-4624  
 Fax: 602-771-4505

**FAXED** By: BOC  
 Date: 12/14/05

## FROM:

Water Company: Sonoita Valley Water Co.  
 Mailing Address: PO Box 85160  
 City, State, Zip Code: Tucson, AZ 85754  
 Phone Number: 520-623-5172  
 FAX: 520-792-0377

Please return completed request to ACC Utilities Engineering (FAX 602-542-0766) and to the Company at address listed above within 30 days.

### Compliance Status Report

PWS Name: Sonoita Valley Water Company

PWS ID #: 12-005

Overall Compliance Status: ☐ No Major Deficiencies ☐ Major Deficiencies  
 Comments:

Monitoring and Reporting Deficiencies: ☐ No Deficiencies ☐ Major Deficiencies  
 List deficiencies:

Operation and Maintenance Deficiencies: ☐ No Deficiencies ☐ Major Deficiencies  
 Date of last inspection / sanitary survey: \_\_\_\_\_

#### Major Operation and Maintenance Deficiencies cited during inspection

☐ None ☐ unable to maintain 20 psi ☐ inadequate storage  
☐ cross connection/backflow problems ☐ surface water treatment rule  
☐ treatment deficiencies ☐ approval of construction  
☐ certified operator ☐ other

Comments:

#### Administrative Orders:

Is ADEQ administrative order in effect? ☐ Yes ☐ No  
 Is US EPA administrative order in effect? ☐ Yes ☐ No

Comments:

#### System Information:

Number of Points of Entry \_\_\_\_\_ Population Served \_\_\_\_\_ Connections Served \_\_\_\_\_

DWCE Evaluation completed by: \_\_\_\_\_

Phone: \_\_\_\_\_ Date: \_\_\_\_\_

Based on data submitted by the water system, ADEQ has determined that this system is currently delivering water that (meets/does not meet) water quality standards required by Arizona Administrative Code, Title 18, Chapter 4. This compliance status report does not guarantee the water quality for this system in the future. This compliance status report does not reflect the status of any other water system owned by this utility company.

## TRANSFER OF COMPANY ASSETS

E.H. Lewis, (Transferor) owner of Sonoita Valley Water Company, Sole Proprietorship, of 2644 Leisure World, Mesa, AZ 85206 hereby assigns and transfers all assets to:

Sonoita Valley Water Company An Arizona Corporation, (Transferee), P.O. Box 85160, Tucson, AZ 85754 the following:

100% Interest in the Water Utility known as  
Sonoita Valley Water Company  
Sonoita, Arizona

The Sonoita Valley Water Company is located in Section 31, T 20 S., R 17 E. serving Papago Springs Subdivision and certain adjacent properties, Santa Cruz County, Arizona.

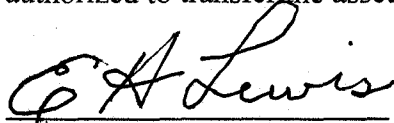
Effective as of the date of approval by the Arizona Corporation Commission (ACC).

The transfer of assets includes all wells (registration numbers 55-547921, 55-528690, 55-539662, 55-533050 and 55-633061) all pumps and controls, all storage & pressure tanks, water distribution system, all service lines, meters and meter boxes including perpetual easements over all well sites and distribution system not located on public rights-of-way.

**The terms and conditions for this transfer are as follows:**

1. Approval of Transfer by the ACC.

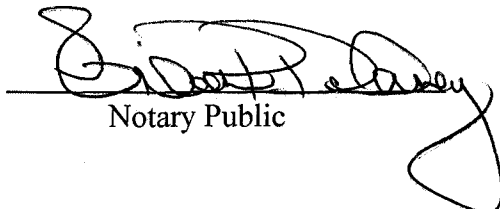
**Transferor** hereby attests that he is the owner of all assets of Sonoita Valley Water Co. and is authorized to transfer the assets as indicated in this Transfer of Assets agreement.

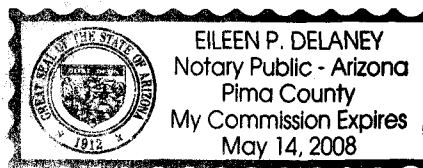


E.H. Lewis, Owner

State of Arizona       )  
                                  ) ss  
County of Pima       )

This Transfer of Assets Agreement was acknowledged before me, the undersigned Notary Public, this 7<sup>th</sup> day of December, 2005 by E.H. Lewis.

  
Notary Public



LAW OFFICE OF  
**MICHAEL M. NEAL, P. C.**

110 S. CHURCH AVE. • SUITE 429B • TUCSON, AZ 85701

TELEPHONE (520) 623-5686  
FAX (520) 623-5255

November 28, 2005

E.H. "Buck" Lewis  
2644 Leisure World  
Mesa, Arizona 85206

Re: Southern Water Corporation Chapter 7 Proceeding  
Case No. 4-04-bk-04658-JMM

Dear Buck:

Enclosed for your records is the original, recorded, certified Order authorizing and approving sale of the water company. As shown on the first page the matter has been made a public record in Santa Cruz County. You should receive directly from the Recorder the deed that was recorded.

If you have any questions please do not hesitate to contact me.

Yours truly,

LAW OFFICE OF  
MICHAEL M. NEAL, P.C.



Michael M. Neal

MMN:gm

Enclosures

cc: Ronald L. Ancell, Chapter 7 Trustee (w/enclosures)



2005-14361

Page 1 of 4

Requested By: MICHAEL M NEAL PC

Suzanne Sainz

Santa Cruz County Recorder

10-25-2005 11:00 AM Recording Fee \$14.00



0514361

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**CAPTION HEADING**

**ORDER AUTHORIZING AND APPROVING  
SALE OF WATER COMPANY FREE AND  
CLEAR OF LIENS, PAYMENT OF COSTS  
OF SALE, AND OTHER RELIEF**

**THIS ORDER IS  
APPROVED.**



RECEIVED

1 Michael M. Neal, Esq.  
2 LAW OFFICE OF MICHAEL M. NEAL, P.C. Dated: April 15, 2005  
3 110 S. Church Avenue, Suite 4298  
4 Tucson, Arizona 85701  
5 Telephone: (520) 623-5686  
6 Facsimile: (520) 623-5255  
7 E-Mail: [mmnealpc@qwest.net](mailto:mmnealpc@qwest.net)  
8 State Bar No.: 004331

*James M. Marlar*  
JAMES M. MARLAR  
U.S. Bankruptcy Judge

6 Attorney for Chapter 7 Trustee

7 **IN THE UNITED STATES BANKRUPTCY COURT**  
8 **FOR THE DISTRICT OF ARIZONA**

9 In re:

10 **SOUTHERN WATER CORPORATION,**

14 Debtor.

Chapter 7 Proceeding

Case No. 4-04-bk-04658-JMM

**ORDER AUTHORIZING AND APPROVING  
SALE OF WATER COMPANY FREE AND  
CLEAR OF LIENS, PAYMENT OF COSTS  
OF SALE, AND OTHER RELIEF**

15 On April 11, 2005 there came on for hearing before the Court the Motion and Application of the Chapter  
16 7 Trustee, Ronald L. Ancell, to Authorize and Approve the Sale of a Water Company Free and Clear of Liens,  
17 the Payment of Costs of Sale, the Operation of the Water Company by Purchaser, Pending Closing, if Acceptable  
18 to the Arizona Corporation Commission and the Purchaser, and Approval of a Settlement and Compromise and  
19 Payment of a Disputed Claim. The Motion and Application of the Trustee was noticed to all creditors and parties  
20 in interest as reflected by the Certificate of Service filed with the Clerk of Court.

21 No objections were filed and no one appeared at the hearing to object. A response to the Motion was filed  
22 by Creditors Jerry Twietmeyer and Pamela Malamas. In their Response these Creditors did not object to the relief  
23 requested by the Trustee but clarified that it was their claim to be settled and compromised in return for a payment  
24 of Six Thousand Dollars (\$6,000.00) and that homeowner Derrick was not to share in the monies being paid as  
25 part of the Settlement and Compromise. At the hearing the Attorney for the Trustee, Michael M. Neal, concurred  
26 with the Response and that the reference in the Motion and Application to Derrick with Twietmeyer and Malamas  
27 was to identify the property where a water line was to be relocated and that Derrick was not to share in the Six

c:/mydoc/southern water/sale order

I hereby certify that the annexed  
instrument is a true and correct copy  
of the original filed in the Office  
of the Bankruptcy Clerk.

Dated 9-26-05 *[Signature]*  
Authorized Deputy Clerk

1 Thousand Dollar (\$6,000.00) settlement payment.

2 The Court having reviewed the file and finding that a sale of the asset is necessary for the administration of  
3 the estate and the sales price appears, in the circumstances to be fair and reasonable, it is hereby

4 **ORDERED, ADJUDGED AND DECREED** that:

5 1. The Motion and Application of the Chapter 7 Trustee, Ronald L. Ancell, is approved. More  
6 specifically, the Court approves of the sale and purchase of a Water Company to E. H. "Buck" Lewis and/or his  
7 assignee, a good faith purchase for value, the cash Purchase Price to be paid at Closing to the Trustee shall be  
8 Fifteen Thousand Dollars (\$15,000.00). The sale includes any and all real property wherein the Debtor and/or its  
9 bankruptcy estate has a legal or equitable interest including but not limited to any and all water and mineral right  
10 claims and all easements and lines utilized for the purposes related to the operation of the Water Company whether  
11 for ingress, egress, water line, or meter placement or usage. The sale also includes all right, title, claim and interest  
12 the Debtor and/or its bankruptcy estate has in and to any personal property and fixtures used in or related to the  
13 Debtor's ownership and operation of the Water Company. Those assets included but are not necessarily limited  
14 to copies of business records, if such records are available, and all wells, well casings, storage tanks, pumps,  
15 meters, piping and other equipment used in the operation of the Water Company by the Debtor. Excluded from  
16 the personal property sold is cash on hand and accounts receivable. In the event the Purchaser collects money on  
17 accounts receivable for and on behalf of the Trustee the Purchaser can retain ten percent (10%) of any monies  
18 collected as and for its compensation for collecting the monies paid over to the Trustee.

19 2. The sale of the property is free and clear of liens and no liens have been asserted except for  
20 delinquent real property taxes. At Closing the Escrow Officer is authorized to pay Seven Thousand Five Hundred  
21 Dollars (\$7,500.00) to Santa Cruz County in full and complete settlement and payment of its claim secured by the  
22 Property being sold as of the date of Closing. This payment is a reduced amount agreed upon by Santa Cruz  
23 County.

24 3. Additional consideration being provided by the Purchaser that is material to the sale is that the  
25 Purchaser shall, at the Purchaser's sole cost and expense, within ninety (90) days of the Closing of the sale, relocate  
26 the presently existing water transmission line that runs under or near the residence of Derrick and  
27 Twietmeyer/Malamas so that the water line is within an established easement or, if this cannot be reasonably

1 accomplished is relocated as to be acceptable to Derrick, Twietmeyer, Malamas which acceptance shall not be  
2 unreasonably withheld;

3 4. The claim of Twietmeyer and Malamas is settled and compromised by the payment of Six Thousand  
4 Dollars (\$6,000.00).

5 5. The Escrow Agent is also authorized to pay, as part of the Closing as if payments were made  
6 directly by the Trustee, the Seven Thousand Five Hundred Dollars (\$7,500.00) to be paid to Santa Cruz County  
7 as described above and the Six Thousand Dollar (\$6,000.00) payment to be paid to Twietmeyer/Malamas in care  
8 of their Attorney, Edith Rudder, at Leonard, Felker, Altfeld, Greenberg & Battaile, P.C., P.O. Box 191, Tucson,  
9 Arizona 5702-0191. The Escrow Officer is also authorized to pay one-half (1/2) of the fee of its services, the cost  
10 of certifying Orders of the Bankruptcy Court necessary for Closing and the cost to record any Order, Deed and  
11 submitting an Affidavit of Value, plus any other cost related to the Closing acceptable to the Seller. Any remaining  
12 sales proceeds shall be paid to the Trustee.

13 **IT IS FURTHER ORDERED** that the Purchaser can assume operation of the Water Company prior  
14 to Closing if this is acceptable to Purchaser and the Arizona Corporation Commission. A contingency for the  
15 Purchaser to be required to Close the sale is for the Arizona Corporation Commission agreeing to the Purchaser  
16 taking control and operation of the Water Company and having issued to the Purchaser all Certificates necessary  
17 for the operation of the Water Company. If the Purchaser assumes operation it will pay from monies collected all  
18 bills and expenses occurred in the operation with its compensation to be any monies in excess of such costs. In the  
19 event capital improvements were needed that can not be paid from operations the Purchaser would need to present  
20 the matter to either the Bankruptcy Court or the Arizona Corporation Commission with a proposal for paying for  
21 the needed improvement.

22 There being no objections to the sale the Court finds no cause for delay in the effective date of this Order  
23 and the same shall be effective immediately. This Order is to be entered by the Clerk of the Court as a final Order.

24 **DONE** this \_\_\_\_\_ day of April, 2005.

25  
26 \_\_\_\_\_  
27 Judge, United States Bankruptcy Court



**DO NOT PUBLISH  
THIS SECTION  
ARTICLE 1**

The corporate name must contain a corporate ending which may be "corporation," "association," "company," "limited," "incorporated" or an abbreviation of any of these words. If you are the holder or assignee of a tradename or trademark, attach Declaration of Tradename Holder form.

**AZ CORPORATION COMMISSION  
FILED**

**MAR 08 2005**

**ARTICLES OF INCORPORATION**

**OF**

**FILE NO. 1186770-2**

**(An Arizona Business Corporation)**

**1. Name.** The name of the Corporation is Sonoita Valley Water Company

**ARTICLE 2**

The name cannot imply that the corporation is organized for any purpose other than the initial business indicated in this article.

**2. Initial Business.**

The Corporation initially intends to conduct the business of Production and distribution of potable water to customers in accordance with ACC rules and regulations for public water utilities

**ARTICLE 3**

The total number of authorized shares cannot be "Zero" or "Not Applicable."

**3. Authorized Capital.**

The Corporation shall have authority to issue 10,000 shares of Common Stock.

**ARTICLE 4**

May be in care of the statutory agent.

**4. Known Place of Business. (In Arizona)**

The street address of the known place of business of the Corporation is:

2102 N. Forbes Blvd., Suite 107

Tucson, AZ, 85745

Mail Address: P.O. Box 85160, Tucson, AZ 85754

**ARTICLE 5**

The agent must provide both a physical and mailing address. If statutory agent has a P.O. Box, then they must also provide a physical description of their street address/location. The agent must sign the Articles or provide a consent to acceptance of the appointment.

**5. Statutory Agent. (In Arizona)**

The name and address of the statutory agent of the Corporation is:

E.H. Lewis

2644 Leisure World

Mesa, AZ 85206

**DO NOT PUBLISH  
THIS SECTION**

A minimum of 1  
director is required.

**6. Board of Directors**

The initial board of directors shall consist of 1 director(s). The name(s) and address(es) of the person(s) who is(are) to serve as the director(s) until the first annual meeting of shareholders or until his(her)(their) successor(s) is(are) elected and qualifies is(are):

Name: E.H. Lewis

Address: 2644 Leisure World

City, State, Zip: Mesa, AZ 85206

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

The number of persons to serve on the board of directors thereafter shall be fixed by the Bylaws.

**7. Incorporators.**

The name(s) and address(es) of the incorporator(s) is (are):

Name: E.H. Lewis

Address: 2644 Leisure World

City, State, Zip: Mesa, AZ 85206

**ARTICLE 7**

A minimum of 1  
incorporator is  
required. All  
incorporators must  
sign both the Articles  
of Incorporation and  
the Certificate of  
Disclosure.

All powers, duties and responsibilities of the incorporators shall cease at the time of delivery of these Articles of Incorporation to the Arizona Corporation Commission.

**8. Indemnification of Officers, Directors, Employees and Agents.**

The Corporation shall indemnify any person who incurs expenses or liabilities by reason of the fact he or she is or was an officer, director, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another Corporation, partnership, joint venture, trust or other enterprise. This indemnification shall be mandatory in all circumstances in which indemnification is permitted by law.

**9. Limitation of Liability.**

To the fullest extent permitted by the Arizona Revised Statutes, as the same exists or may hereafter be amended, a director of the Corporation shall not be liable to the Corporation or its stockholders for monetary damages for any action taken or any failure to take any action as a director. No repeal, amendment or modification of this article, whether direct or indirect, shall eliminate or reduce its effect with respect to any act or omission of a director of the Corporation occurring prior to such repeal, amendment or modification.

DO NOT PUBLISH  
THIS SECTION

EXECUTED this 8th day of March, 2005 by all of the  
incorporators.

Signed: E. H. Lewis

E. H. Lewis

[Print Name Here]

[Print Name Here]

Phone and fax  
numbers are optional

PHONE 480-981-1005

FAX \_\_\_\_\_

The agent must  
consent to the  
appointment by  
executing the  
consent.

### Acceptance of Appointment By Statutory Agent

The undersigned hereby acknowledges and accepts the appointment as statutory agent of the  
above-named corporation effective this 8th day of March, 2005.

Signed E. H. Lewis

E. H. Lewis

[Print Name Here]

The Articles must be  
accompanied by a  
Certificate of  
Disclosure, executed  
within 30 days of  
delivery to the  
Commission, by all  
incorporators.

Sonoita Valley Water Company

[If signing on behalf of a company serving as  
statutory agent, print company name here]

BY-LAWS  
OF  
Sonoita Valley Water Company  
An Arizona Corporation

ARTICLE I

Stockholders Meetings

Section 1. Annual Meeting: The annual meeting of the stockholders of the corporation shall be held at its principal place of business in the City of Tucson, State of Arizona, on the first Friday after January 1, or at such other time as shall be provided in these By-laws as duly amended, or at such other time as the class A stockholders, by majority vote, may approve. At the annual meeting, a Board of Directors for the ensuing year shall be elected, and other business which properly comes before said meeting shall be conducted.

Section 2. Special Meetings: Special meetings of the stockholders for any purpose may be called by the President and shall be called by the President or Secretary at the request of a majority of the Board of Directors, or at the request of stockholders owning a simple majority of outstanding class A stock with voting rights. Such request shall state the purpose or purposes of the proposed meeting.

Section 3. Notice of Annual and Special Meetings: The Secretary shall give, or cause to be given, notice of the time, place and purpose of each annual or special meeting, by mailing such notice at least fourteen days prior to such meeting to each class A stockholder of record entitled to vote, at the respective addresses of said stockholders as they appear on the records of the corporation.

Section 4. Waiver of Notice: Notice of time and place of annual or special meetings may be waived by written waiver presented to the Secretary prior to or at such meeting.

Section 5. Voting Rights: Each stockholder shall, at any stockholders' meeting, be entitled to one vote for each share of class A stock outstanding in his name on the books of the Corporation, whether represented in person or by proxy.

Section 6. Quorum: At any meeting of the stockholders, the holders of a majority of the shares of the class A capital stock of the corporation issued and outstanding and entitled to vote, present in person or by proxy, shall constitute a quorum of the stockholders for all purposes, unless the representation of a larger group shall be required by law, by the Articles of Incorporation or by these By-laws, and in that case, the representation of the number so required shall constitute a quorum.

Section 7. Adjournment of Meetings: If the holders of the amount of class A stock necessary to constitute a quorum shall fail to attend in person or by proxy at the time and place of meeting, the chairman of the meeting shall adjourn the meeting from time to time without notice other than by announcement at the meeting, until holders of the amount of class A stock requisite to constitute a quorum shall attend, at which time the meeting shall be reconvened. At any such reconvened meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the original meeting.

Section 8. Waiver of Notice: Any stockholder may at any time waive any notice required to be given under these Bylaws. The presence of a stockholder in person at any stockholders' meeting shall be deemed such a waiver.

## ARTICLE II

### Board of Directors

Section 1. Power of Directors: The business, property and affairs of the corporation shall be managed, controlled and conducted by a Board of not less than two Directors and not more than seven Directors.

Section 2. Number and Term of Office: The Directors shall be elected by the stockholders at the annual meeting thereof, and shall hold office for the term of one year, or until their successors shall be elected and qualify, except as hereinafter otherwise provided. The number of Directors may be altered from time to time by vote of the majority of the class A stockholders present at any regular or special meeting of the stockholders. In case of any increase in the number of Directors in advance of an annual meeting of stockholders, each additional Director shall be elected by the stockholders, and shall hold office until the next annual meeting of stockholders or until his successor shall be elected and qualify.

Section 3. Removal of Directors: Any Director may be removed, with or without cause, at any special meeting of the stockholders, called for such purpose at the request of the holders of a majority of the issued and outstanding class A stock after fourteen days' written notice thereof given to all stockholders. Such removal shall be by the affirmative vote of a majority of the stock issued and outstanding.

Section 4. Vacancies: In the event of the occurrence of any vacancy in the Board of Directors, the vacancy may be filled by

a vote of a majority of the remaining Directors.

Section 5. Resignation: Any Director may resign his office at any time, such resignation to take effect immediately without acceptance.

Section 6. Regular Meetings: Regular meetings of the Board of Directors, for the election of officers, filling of vacancies and the transaction of such other business as may come before the meeting, shall be held immediately following the annual meeting of the stockholders and no notice thereof shall be required to be given to any newly elected Directors.

Section 7. Special Meetings: Special meetings of the Board of Directors may be called by the President or by any Director then in office.

Section 8. Notice of Meetings: The Secretary shall give, or cause to be given, written notice of the time, place and purpose of holding each special meeting, by mailing such notice at least five days prior to such meeting or by telegraphing the same at least two days before the meeting, to each Director. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting.

Section 9. Special Meetings on Waiver: Special meetings of the Directors may be held at any time and place upon written waiver of notice of time and place for holding such meeting, signed by all of the Directors of the corporation, or by telegraphic consent.

Section 10. Quorum: A majority of the Board of Directors shall constitute a quorum for the transaction of business, but if at any meeting of the Board of Directors there be less than a

quorum present, a majority of those present may adjourn the meeting from time to time.

Section 11. Adjournment of Meetings: The Board of Directors may adjourn any meeting from day to day, or for such other time as may be deemed necessary in the interest of the corporation, provided that no meeting may be adjourned for a period of time longer than thirty days.

Section 12. Waiver of Notice: Any Director may at any time waive any notice required to be given under these By-laws. The presence of a Director in person at any regular and special Director's meeting shall be deemed such a waiver, unless he otherwise indicates in the record.

Section 13. Indemnification: The corporation shall indemnify each Director or officer of the corporation, against any and all liability and reasonable expense which may be incurred by him in connection with or resulting from any claim, action, suit, or proceeding (whether brought by or on behalf of the corporation), civil or criminal, including any appeals relating thereto, in which he may become involved, as a party or otherwise, by reason of his being or having been a Director or officer of the corporation, or by reason of any past or future action taken or omission in his capacity as such Director or officer, provided such person acted in good faith, in what he reasonably believed to be in the best interests of the corporation. This provision of indemnification shall also apply to any criminal action or proceeding, wherein such person had no reasonable cause to believe that his conduct was unlawful. As used in this Article, the terms "liability" and "expense" shall include, but shall not be limited to, counsel fees and disbursements and amounts of judgments, fines or penalties against, and amounts paid in settlement by, a Director, or officer other



than amounts paid to the corporation itself. The termination of any claim, action, suit, or proceeding, civil or criminal, by judgment, settlement (whether with or without court approval) or conviction or upon a plea of guilty or of nolo contendere, or its equivalent, shall not create a presumption or admission of liability of any such Director or officer. Any such Director or officer referred to in this Article, who has been wholly successful, on the merits or otherwise, with respect to any claim, action, suit or proceeding of the character described herein shall be entitled to indemnification as of right. Except as provided in the preceding sentence, any indemnification hereunder shall be made at the discretion of the corporation, but only if the Board, acting by a quorum consisting of Directors who are not parties to (or who have been wholly successful with respect to) any such claim, action, suit or proceeding, shall find that the Director or officer acted in good faith and in the best interests of the corporation. Expenses incurred with respect to any such claim, action, suit or proceeding may be advanced by the corporation prior to the final disposition thereof upon receipt of an undertaking by or on behalf of the recipient to repay such amount unless it shall ultimately be determined that he is entitled to indemnification under this Article. The rights of indemnification provided in this Article shall be in addition to any rights to which any person concerned may otherwise be entitled by contract or as a matter of law, and shall inure to the benefit of his heirs, executors, administrators, and personal representatives.

### ARTICLE III

#### Officers

Section 1. Officers: The officers of the corporation shall be a President, a Vice-President, a Secretary and Treasurer, and such other

officers and agents as may, from time to time, be chosen by the Board of Directors. The office of Secretary and Treasurer may be held by the same person.

Section 2. President: The president shall preside at all meetings of the stockholders, and at all meetings of the Directors. He shall have power to sign in the name of the corporation certificates of stock, checks, drafts, notes and orders for the payment of money, and to appoint and discharge agents and employees. He shall have general and active management of the business of the corporation, and shall perform all the duties customary to the office of the President.

Section 3. Vice President: The Vice President shall perform such duties as may be assigned to him by the Board of Directors or President. In case of the death, disability or absence of the President he shall perform and be vested with all the duties and powers of the President.

Section 4. Secretary: The Secretary shall keep the minutes of all meetings of the Board of Directors and all meetings of the stockholders, and shall attend to the giving of certificates of stock, and shall have charge of all books, records, and accounts of the corporation, and he shall, in fact, perform all of the duties incident to the office of Secretary, subject to the control of the Board of Directors. The Secretary shall submit to the Board of Directors such reports as may be required of him by said Board.

Section 5. Treasurer: The Treasurer shall have custody of all funds and securities of the corporation. When necessary or proper, he shall endorse, on behalf of the corporation for collection, checks, notes and other obligations in such bank or

banks or depositories as the Board of Directors shall designate. He shall keep and maintain adequate books of account and records for the corporation, and shall make such reports to the Board of Directors as may be required of him by said Board. The Treasurer shall further perform all acts and things incident to the Office of Treasurer, subject to the control of the Board of Directors.

Section 6. Removal: Any officer may be removed at any time either with or without cause by a majority vote of the Board of Directors present at a meeting called for such purpose.

Section 7. Vacancies: In the event of any vacancy in any office for any cause, the vacancy may be filled in the manner prescribed for regular appointment to such office.

Section 8. Resignation: Any officer may resign his office at any time, such resignation to take effect immediately without acceptance.

Section 9. Salaries of all officers shall be fixed by the Board of Directors.

#### ARTICLE IV

##### Capital Stock, Dividends and Seal

Section 1. Certificates of Shares: (a) Certificates for shares of the capital stock of the corporation shall be in such form as shall be approved by the Board of Directors. The certificates shall be signed by the President or Vice President so designated and by the Secretary of the corporation.

(b) All certificates shall be consecutively numbered, shall contain the name of the person owning the shares represented thereby, the number of such shares, the class of stock, the date of issuance, and such information shall be entered in the books of the corporation.

(c) All certificates surrendered to the corporation shall be cancelled; and no new certificates shall be issued until the former certificate for the same number of shares shall have been surrendered and cancelled, except in the case of a lost certificate.

(d) Any person claiming a certificate of stock to be lost or destroyed may have a new certificate issued to him upon giving such security as the Board of Directors shall determine, insuring the corporation against loss or damage by reason of the issuance of such certificate.

Section 2. Transfer of Shares: Shares of the capital stock of the corporation shall be transferable only by the holder thereof in person, or by his duly authorized attorney, upon surrender and cancellation of a like number of shares properly endorsed. The corporation may, from time to time, enter into an agreement with any or all of the stockholders of the corporation, or any or all of the stockholders of the corporation, or any or all of the stockholders of the corporation may, from time to time, enter into an agreement among themselves without the corporation, restricting the rights of any or all of the stockholders to transfer shares of stock of the corporation. A copy of any such agreement signed by the parties thereto shall, after being filed with the Secretary, restrict transfers of the stock of the corporation in accordance with the terms and conditions of such agreement.

Section 3. Dividends: The Board of Directors may declare dividends from the surplus of the corporation, or from the net profits accruing from its operation, as they shall determine.

Section 4. Corporate Seal: The corporate seal shall be circular in form, shall have inscribed thereon the name of the corporation,

the year of its organization, and the word "Arizona". The seal shall be in the custody of the Secretary. If and when so directed by the Board of Directors, a duplicate seal may be kept and used by such officer or other person as the Board of Directors shall designate.

## ARTICLE V

### Miscellaneous

Section 1. Fiscal Year: The fiscal year of this corporation shall be such as may be fixed by resolution of the Board of Directors.

Section 2. Voting Upon Stocks: Unless otherwise ordered by the Board of Directors, the President or other officer designated by the Board of Directors shall have full power and authority on behalf of the corporation to attend and to vote and grant proxies to be used at any meeting of the stockholders of any corporation in which this corporation may hold stock.

Section 3. Negotiable Instruments: All checks, drafts, notes or other obligations of the corporation shall be signed by such of the officers of the corporation, or by such other person or persons as may be authorized by the Board of Directors.

## ARTICLE VI

### Amendment of the By-law

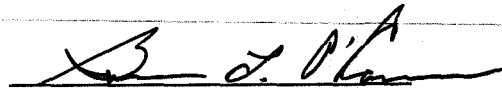
Section 1. Amendment by the Stockholders: The Stockholders by affirmative vote of a majority present at a meeting may alter or amend these By-laws without notice at any regular meeting, or at any special meeting.

Section 2. Amendment by Directors: The Directors of the corporation, by the affirmative vote of a majority of all of the Directors of the Corporation may amend or alter the By-laws of the corporation without notice at any regular meeting or at any special meeting, if notice thereof

be contained in the notice of such special meeting, provided that no such alteration or amendment by the Board of Directors shall increase the powers of the Board of Directors.

I, the undersigned, being the Secretary of Sonoita Valley Water Company do hereby certify the foregoing to be the By-laws of said corporation, as adopted at a meeting of the Incorporators held on the 1<sup>st</sup> day of December, 2005.

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Secretary

**Arizona Department of Environmental Quality**  
**Water Quality Compliance Assurance Unit**  
1110 W. Washington Street, 5415B-1  
Phoenix, AZ 85007

**Drinking Water Compliance Status Report**

**Public Water System Name:** Sonolita Valley Water Co.

**Public Water System ID #:** 12-005

**Public Water System Type:** ☒ CO ☐ Non-transient Non-community ☐ Transient Non-community

**Overall Compliance Status:** ☒ No Major Deficiencies ☐ Major Deficiencies

**Monitoring and Reporting Status:** ☒ No Major Deficiencies ☐ Major Deficiencies  
**Comments:**

**Operation and Maintenance Status:** ☒ No Major Deficiencies ☐ Major Deficiencies  
**Comments:**

**Major unresolved/ongoing operation and maintenance deficiencies:**

- |   |   |
|---|---|
| <input type="checkbox"/> unable to maintain 20psi           | <input type="checkbox"/> inadequate storage           |
| <input type="checkbox"/> cross connection/backflow problems | <input type="checkbox"/> surface water treatment rule |
| <input type="checkbox"/> treatment deficiencies             | <input type="checkbox"/> approval of construction     |
| <input type="checkbox"/> certified operator                 | <input type="checkbox"/> other                        |

**Date of last inspection / sanitary survey:** 10-22-03

**Administrative Orders:**

**Is an ADEQ administrative order in effect?** ☐ Yes ☒ No

**Comments:**

**System information:**

**Number of Points of Entry** 1 **Number of Sources** 4 **Population Served** 85

**Service Connections** 39 **Initial Monitoring Year** 1994 **Initial MAP Year** 2000

**Evaluation completed by:** Jim Puckett

**Phone:** 602-771-4649 **Date:** 12-15-05

Based upon data submitted by the water system, ADEQ has determined that this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4. This compliance status report does not guarantee the water quality for this system in the future. This compliance status report does not reflect the status of any other water system owned by this utility company.